

U Capital Morning Brief

6 August 2018

Market Indices	Current Close	Change	D/D	YTD	Price to Earnings	Price to Book	Div Yield
	Index	Point	%	%	(x)	(x)	%
U Capital Oman 20 Index	857.53	9.82	1.16%	-11.98%	-	-	-
U Capital GCC 50 Index	1,347.34	-1.66	-0.12%	17.71%	-	-	-
U Capital MENA 200 Index	1,088.31	-1.79	-0.16%	9.37%	-	-	-
MSCI GCC Countries Index	553.14	-1.25	-0.23%	15.29%	14.01	1.80	3.8%
Muscat Securities Market	4,370.44	43.77	1.01%	-14.29%	8.85	0.87	6.2%
Saudi Stock Exchange	8,242.71	-10.83	-0.13%	14.07%	17.77	1.84	3.3%
Kuwait Stock Exchange	5,242.27	36.20	0.70%	NA	15.43	1.32	3.7%
Qatar Exchange	9,896.74	-84.48	-0.85%	16.11%	14.95	1.50	4.4%
Bahrain Stock Exchange	1,353.74	4.57	0.34%	1.65%	8.52	0.86	6.0%
Dubai Financial Market	2,977.89	3.95	0.13%	-11.64%	9.45	1.11	5.7%
Abu Dhabi Exchange	4,806.30	-5.12	-0.11%	9.27%	12.56	1.42	5.0%
Beirut Stock Exchange	1,035.32	-3.29	-0.32%	-9.86%	5.48	0.65	9.4%
Palestine Stock Exchange	544.90	3.50	0.65%	-5.17%	12.96	1.18	4.5%
Tunis Se Index	8,379.68	2.26	0.03%	33.40%	21.89	2.98	1.7%
EGX 30 Index	15,737.05	-69.33	-0.44%	4.78%	10.63	2.42	2.6%
Amman General Index	2,009.07	-19.23	-0.95%	-5.53%	14.62	1.01	4.5%

World Markets	Country	Value	D/D	YTD
			%	%
Europe				
FTSE 100	UK	7,659.1	1.10%	-0.4%
DAX	Germany	12,615.8	0.55%	-2.3%
CAC 40	France	5,479.0	0.33%	3.1%
United States				
DJIA	USA	25,462.6	0.54%	3.0%
S&P 500	USA	2,840.4	0.46%	6.2%
NASDAQ	USA	7,812.0	0.12%	13.2%
Asia Pacific				
NIKKEI 225	Japan	22,524.4	-0.01%	-1.1%
HANG SENG	Hongkong	27,812.7	0.48%	-7.0%
KSE 100 Index	Pakistan	42,617.3	0.27%	5.3%
NSE Nifty 50	India	11,402.1	0.36%	8.3%
SHANGHAI Composite	China	2,714.1	-0.96%	-17.9%
KOSPI Index	South Korea	2,288.7	0.04%	-7.2%

Currency Cross Rates	USD/1 Unit	Units/1 USD
Australian Dollar (AUD)	0.739	1.353
British Pound (GBP)	1.299	0.770
Canadian Dollar (CAD)	0.769	1.301
Chinese Renminbi (CNH)	0.146	6.841
Egyptian Pound (EGP)	0.056	17.880
Euro (EUR)	1.156	0.865
Indian Rupee (INR)	0.015	63.342
Japanese Yen (JPY)	0.009	111.310
New Zealand Dollar (NZD)	0.674	1.484
Omani Rial (OMR)	2.597	0.385
Pakistani Rupee (PKR)	0.806	124.055
Russian Ruble (RUB)	0.016	68.614
Singapore Dollar (SGD)	0.732	1.367
Turkish Lira (TRY)	0.195	5.116

Commodity Prices	Price	D/D	YTD
	USD	%	%
Oil			
Brent Crude (per bbl)	73.3	0.15%	13.9%
WTI Crude (per bbl)	68.7	0.29%	13.7%
Oman Crude Oil (Last Closing)	71.9	-0.61%	12.3%
OPEC (per bbl)	71.6	-0.68%	11.1%
Precious Metals			
Gold100 OZ (per oz)	1,215.3	0.14%	-6.7%
Silver (per oz)	15.5	0.25%	-8.8%
Platinum (per oz)	834.0	0.36%	-10.4%
Other Metals			
Copper, MT	6,206	1.08%	-14.4%
Aluminium, MT	2,028	-0.39%	-10.6%
Lead, MT	2,115	0.00%	-15.0%
Zinc, MT	2,631	2.65%	-20.7%

GCC 3m Interbank Rates	Current Rate %	YTD %
UAE	2.48	37.9%
Saudi Arabia	2.61	37.5%
Kuwait	2.06	10.0%
Oman	2.46	29.1%
Qatar	2.65	0.1%
Bahrain	3.53	29.4%

GCC Latest 10-Yr Government Bond Yields	Maturity date	YTM, %
Kuwait	3/20/2027	3.7
Abu Dhabi	10/11/2027	3.9
Qatar	6/2/2026	3.9
Saudi Arabia	3/4/2028	4.3
Oman	1/17/2028	6.0
Bahrain	10/12/2028	8.1

Midswaps	Price	YTM %
3 year	99.68	2.7
5 year	99.67	2.8
10 year	99.36	3.0
30 year	100.69	3.1

USD Libor	Rate (%)	YTD
1m	2.08	32.9%
3m	2.34	38.3%
6m	2.52	37.4%
1 year	2.83	34.2%

Source: Bloomberg

Note: All values are updated at 9:00 AM Muscat Time. Markets are closed on Saturday and Sunday

OMAN ECONOMIC & CORPORATE NEWS

Oman spearheads Gulf push to extract more oil with new techniques

Revolutionary technologies to extract more oil from reservoirs to add hundreds of millions of dollars to balance sheets and produce millions of extra barrels are being increasingly deployed by Gulf countries, with Oman leading the way. With extra barrelage targeted for both domestic consumption and export, the latest moves are a sign that competition in the global oil industry is hotting up as producers seek to bolster profit margins. Enhanced Oil Recovery (EOR) techniques have been around for a while. But technological advances, and the fact that easy-to-extract onshore oil is getting much harder to find, have propelled EOR into the limelight.

Source: [Arab News](#)

DGC IPO subscription date extended by two weeks

Dhofar Generating Company (DGC) SAOG (Under Transformation) on Sunday has decided to offer more value to investors participating in its initial public offering (IPO) in order to encourage enhanced retail participation and active trading in the shares of DGC upon listing. The decision was made by DGC in consultation with its founder international shareholders Mitsui, ACWA Power along with Omani shareholder Dhofar International Development and Investment Holding Co. (DIDIC). The IPO offer price has been revised to 225 baisas per share on the entire offering of 88,896,000 shares.

Source: [Times of Oman](#)

Heavy oil congress in Oman

A month away from the world's leading heavy oil gathering, registration is underway for the World Heavy Oil Congress & Exhibition (WHOC) at the Oman Convention & Exhibition Centre from September 3-5, 2018. Expected to attract more than 3,000 international attendees, this year's edition will explore the theme 'Transforming the Heavy Oil Value Chain', and provide an invaluable platform for industry leaders, decision makers, and professionals to converse and learn from each other on high level strategies, and mid to long-term plans for the sector.

Source: [Times of Oman](#)

468 suspicious transactions probed in 2017: FIU

Instances of suspicious transactions reported to the National Centre of Financial Information (NCFI) — the Sultanate's frontline financial intelligence unit — declined almost 25 per cent to 468 cases in 2017, down from 623 cases a year earlier. The vast majority of Suspicious Transaction Reports (STRs) were reported by banks (292), followed by money exchanges (171), the NCFI revealed in its Annual Report for 2017. Deposits and withdrawals via the banking system represented the dominant route used by the suspects to perpetrate their alleged crimes, with as many as 339 cases falling in this category, followed by money transfers (121).

Source: [Oman Observer](#)

Al Anwar Holding - Disclosure

Al Anwar Holding held its EGM on 2nd August and approved raising the authorized share capital of the company from OMR 20mn to OMR 30mn and amend the article of association accordingly.

Source: [MSM](#)

Oman's standard grade petrol production surges 36 percent to 6.74m barrels

The production of standard grade petrol (M-91) by Omani refineries has seen a significant 36 percent jump to touch 6.74 million barrels in the first half of this year, over the same period of last year. However, the output of super grade petrol (M-95) declined by 23% to 5.94 million barrels during the first half of this year, according to data released by the (NCSI). The surge in production of standard grade petrol over super grade petrol was supported by a significant growth in demand. Oman has two refineries – Mina Al Fahal (Muscat) and Sohar Refinery, which are owned by Oman Oil Refineries and Petroleum Industries Company (Opic).

Source: [NCSI](#)

ELAN Group signs deal with Oman's TAMANI

ELAN Group recently signed an agreement with TAMANI Global Development & Investment, a diversified Omani enterprise that has multiple world-class commercial, real estate, retail warehouse, health care and hospitality development projects in its portfolio. Under this partnership, ELAN Group will expand its cutting-edge Digital Out-of-Home networks and launch two Novo Cinemas megaplexes at the upcoming signature developments of TAMANI Global Development & Investment, Mall of Muscat and Sohar China Downtown Malls.

Source: [TPQ](#)

MIDDLE EAST ECONOMIC & CORPORATE NEWS

EMBI inclusion to set off \$30bln inflows to GCC

A potential Emerging Market Bond Index inclusion is a swing factor for GCC credit and could lead to an estimated \$30 billion of inflows into the region, according to analysts at the Bank of America Merrill Lynch. The expected inflows may also lead to tighter spreads, making primary market access easier in the GCC countries, BofAML analysts said in their latest Global Emerging Markets Weekly report. In June, JP Morgan announced that it is considering including sovereign debt from GCC in its popular EMBI. This would include government debt from Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.

Source: [Zawya](#)

Bahrain Kuwait Insurance mulls merger with Takaful International

Bahrain Kuwait Insurance is currently considering merging its branches and some supportive services with Takaful International, the chairman of Bahrain Kuwait Insurance Murad Ali Mohamed Murad said, according to Al Ayam Newspaper. Bahrain Kuwait Insurance, which is listed on both Bahrain Bourse (BHB) and Boursa Kuwait, has acquired 77.25% in Takaful International, listed on BHB, to be the takaful arm of Bahrain Kuwait Insurance in line with its policy to reduce operating expenses

Source: [Mubasher](#)

Investcorp seals full exit from Kuwait's Gulf Cryo

Investcorp announced on Sunday that its Gulf Opportunity Fund 1 has completed the sale of its remaining 15.65% share in Gulf Cryo Holding Company to other shareholders of the Company, according to a bourse statement on Sunday. Investcorp, a leading global provider and manager of alternative investments in Bahrain, said in its statement that Gulf Cryo was established in Kuwait in 1953 and currently it is a leading manufacturer, distributor, and service provider of industrial gases in the Middle East and North Africa (MENA) region and Turkey.

Source: [Mubasher](#)

Visitors to Qatar drop 35% in H1 on Arab rift – Ministry

The number of visitors to Qatar tumbled 35% year-on-year in the first half of 2018 due to a large drop in those coming from neighboring GCC countries after the diplomatic rift that took place in June 2017, data released by Qatar's Ministry of Development Planning and Statistics (MDPS) showed. Visitors reached 944,600 during H1-18, down from 1.46 million in the corresponding period of 2017, the MDPS bulletin revealed.

Source: [Mubasher](#)

IHG Qatar to fully acquire Consolidated Engineering Systems

Investment Holding Group (IHG), a Qatari shareholding company, yesterday announced its intention to purchase the remaining shares of Consolidated Engineering Systems, its subsidiary. Consolidated Engineering Systems is a Qatari local company established in 2006, and has its activities in the sectors of engineering, sales, installation, integration, surveillance systems, in addition to the infrastructure of visual and audio technology. The current shares of Investment Holding Group in Consolidated Engineering Systems are 60.4 percent. Investment Holding Group intends to purchase the whole remaining shares of Consolidated Engineering Systems (39.6 percent), IHG said in a regulatory disclosure yesterday.

Source: [TPQ](#)

Surge in Qatar's listed govt bond value

The value of Qatar's listed government bonds saw a staggering growth of 94.21 percent to QR12.57bn in 2017, from QR6.4bn in the previous year. Listed T-bills value increased by 32.26 percent to QR12.75bn from QR9.64 in 2016, Qatar Financial Markets Authority (QFMA) has revealed. In its annual report released yesterday, the market regulatory body noted the value of traded government bonds also increased by 17.05 percent year-on-year, from QR3bn to QR3.55bn.

Source: [TPQ](#)

Foreign banks capital increase in Kuwait

The total capital increase in the branches of foreign banks operating in the country reached \$30 million last month — approximately KD 9 million, reports Al-Rai daily quoting sources. According to decisions issued by Central Bank of Kuwait (CBK) Governor Dr Mohammad Al-Hashil, the data of Al-Rajhi Bank-Kuwait branch have been amended with a capital increase from KD 21.58 million to KD 30.08 million — an increase of KD 8.5 million. In addition, Doha Bank-Kuwait Branch increased its capital from KD 15.14 million to KD 15.6 millions — an increase of KD 456,000

Source: [Arab Times](#)

KD 5.6 billion point-of-sale transactions recorded during the first six months of 2018 in Kuwait

According to official data released by the Central Bank of Kuwait, citizens and residents spent KD 5.6 billion at point-of-sale transactions during the first six months of 2018. This is an increase of 16.2 percent to KD 787.5 million compared to KD 4.8 billion spent during the same period in 2017. The figures show that the expenditures of citizens and residents through points of sale in Kuwait rose by 16.1 percent to KD 722.5 million, amounting to KD 5.1 billion during the first six months of the year, which is higher compared to the KD 4.4 billion spent during the same period last year. Spending through points of sale overseas also saw an increase of 16.5 percent to KD 457 million in the first half of 2018, compared to KD 392 million in the same period last year.

Source: [Arab Times](#)

ADIB finances AED 195 million acquisition of Travelodge Hotel at London's Heathrow Airport

Abu Dhabi Islamic Bank (ADIB) UK, a wholly-owned subsidiary of Abu Dhabi Islamic Bank - a leading financial institution, has closed a commercial financing transaction for the acquisition of a Travelodge Hotel, located at London's Heathrow Airport. The property was acquired by a Saudi based client for £40.3 million (AED 194.6 million), with ADIB providing £26 million (AED125.7 million) of Sharia'a-compliant financing.

Source: [Mena Herald](#)

INTERNATIONAL ECONOMIC & CORPORATE NEWS

Sanctions noose tightens on Iran

Iran is staring into the economic abyss as the US today restores crippling sanctions that have already sparked protests countrywide and sent the value of the Iranian rial tumbling. The US Treasury Department's new sanctions are wide-ranging and block Tehran from acquiring US dollars, and trading in gold and other precious and industrial metals. They also cover the automotive sector and debt markets — effectively preventing the country from seeking relief at home by raising international capital. The measures even extend to the sale of pistachio nuts and Persian rugs. Further sanctions targeting the banking and energy sectors will follow on Nov. 4.

Source: [Arab News](#)

Google Is in Talks with Tencent and Inspur for China Cloud, Sources Say

Google's plans for China are even more ambitious than previously understood. The internet giant is in talks with Tencent Holdings Ltd., Inspur Group and other Chinese companies to offer its cloud services in the world's second-largest economy, according to people familiar with the discussions. The discussions began in early 2018 and Google narrowed partnership candidates to three firms in late March, according to one of the people. Trade tensions between China and the U.S. now loom over the effort, making it unclear whether the plans will proceed, this person said.

Source: [Bloomberg](#)

Asian stocks cheer move by China's central bank, but trade war weighs

Stocks across Asia advanced on Monday as China's efforts to stop sharp declines in its currency and capital flight supported wider sentiment in the region, although the escalating Sino-U.S. trade conflict has capped gains. Late on Friday, the People's Bank of China raised the reserve requirement on some foreign exchange forward positions, making it more expensive to bet against the Chinese currency and helping pull the yuan away from 14-month lows. The move boosted the Australian dollar, which is often played as a liquid proxy for the yuan. The Aussie came off two-week lows to climb as high as \$0.7412 after the announcement, and was last at \$0.7403.

Source: [Reuters](#)

COMMODITIES NEWS

Saudi Arabia Is Starting to Stockpile Oil Again

The key OPEC oil producers seem to be finding it harder than expected to sell their output overseas. The probable resulting build-up in their stockpiles should at least help them offset the drop in Iranian supplies as U.S. sanctions start to bite deeper. Crude oil exports from the five Persian Gulf Arab members of OPEC fell by about 1.1 million barrels a day last month, after surging in June, according to Bloomberg tanker tracking.

Source: [Bloomberg](#)

Oil prices rise after Saudi output dips, U.S. drilling stalls

Oil prices rose on Monday after Saudi crude production registered a surprising dip in July and as American shale drilling appeared to plateau. Markets also anticipated an announcement from Washington due later on Monday detailing renewed U.S. sanctions against major oil exporter Iran, set to be reinstated at 1201 EDT on Tuesday (1601 GMT), according to a U.S. Treasury official.

Source: [Reuters](#)

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